



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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Executive Director
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New Law Requires Out-of-State Retailers to Collect Use Tax Consumers to See Tax at Point-of-Sale for Online Purchases

Sacramento – Beginning September 15, 2012, a new law takes effect ([Stats. 2011, ch. 313 \(AB 155\)](#)) that expands the types of out-of-state retailers required to register with the California State Board of Equalization (BOE) and requires them to begin collecting and remitting use tax on sales of tangible personal property to California consumers. The law applies to out-of-state retailers that have substantial nexus with California consumers. This includes any out-of-state retailer that has sold more than \$1 million to California consumers in the past year and has had more than \$10,000 in sales referred by an affiliate operating in California.

“This law is a giant step forward,” said BOE Chairman Jerome E. Horton. “It will help California collect much needed revenue to support critical public services. Also, by requiring more out-of-state retailers to collect use tax, the law will help level the playing field for all who do business here. California and its businesses will not be held hostage to unfair business practices.”

The BOE is sending letters to more than 200 out-of-state retailers notifying them about the new law. Retailers will be able to easily register online with the BOE’s secure and innovative electronic registration system ([eReg](#)) and remit the tax collected by e-filing their returns.

AB 155 does not create a new tax — the [California Use Tax](#) has been on the books since 1935. It expands the types of out-of-state retailers required to collect the use tax. When AB 155 takes effect September 15, some additional out-of-state retailers, including Internet retailers, will collect the use tax at the point of sale, and California consumers will begin to see the tax on their bills.

However, if out-of-state retailers do not collect the tax, California consumers must continue to report and pay their use taxes. Consumers can pay directly to the BOE using [eReg](#) or pay on their California income tax returns with the option of using the [Use Tax Lookup Table](#).

AB 155 is expected to help the BOE collect tens of millions of dollars in use tax that will help pay for services such as public safety, schools and health care. The BOE does not have a precise estimate because AB 155 is a new law.

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For more information on California's new use tax registration and collection requirements, visit:

- [Sales and Use Tax Regulation 1684 - Collection of Use Tax by Retailers](#)
- [New Use Tax Collection Requirements for Out-of-State Retailers Operative September 15, 2012 – Frequently Asked Questions](#)

Retailers with questions please contact the BOE Out-of-State Office at 916-227-6600.

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Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization's Legislative Committee Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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